

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 426

December 24, 1986

WITHDRAWAL OF LR-415

Syllabus:

This is to advise that the department is withdrawing Legal Ruling 415, April 17, 1980, CCH 206-408, P-H 13,710, in light of the recent decision in the Appeal of Holiday Inns, Inc., Cal. St. Bd. of Equal., April 9, 1986.

This will mean that where gain on the sale of a partnership interest constitutes nonbusiness income, such gain will be assigned to the state of commercial domicile under Section 25125(c), Revenue and Taxation Code. Where gain on the sale of a partnership interest constitutes business income, such gain is subject to apportionment under Section 25128, Revenue and Taxation Code. See Appeal of Centennial Equities Corporation, Cal. St. Bd. of Equal., June 27, 1984, CCH 400-904, P-H 13,110-G.